

Message Text

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64

ACTION EB-11

INFO OCT-01 EUR-25 IO-13 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 RSR-01

/180 W

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R 121600Z JUL 73

FM AMEMBASSY BERN

TO SECSTATE WASHDC 7976

INFO AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

UNCLAS BERN 2887

E.O. 11652: N/A

TAGS: ETRD, SZ

SUBJECT: SWISS VIEWS ON TRADE NEGOTIATIONS

SUMMARY. AMBASSADOR PAUL JOLLES SAYS SWISS WELCOME
MULTILATERAL TRADE NEGOTIATIONS DESPITE CURRENT MONETARY
UNREST BUT WARNS AGAINST ESCAPE CLAUSES IN US TRADE
LEGISLATION. END SUMMARY.

1. IN SPEECH BEFORE THE SWISS TECHNICAL ASSOCIATION (A GROUP OF ARCHITECTS AND ENGINEERS), AMBASSADOR PAUL JOLLES OUTLINED SWITZERLAND'S CURRENT ATTITUDES REGARDING INTERNATIONAL TRADE NEGOTIATIONS. AMBASSADOR JOLLES TOLD EMBOFF THAT WHILE THE VIEWS EXPRESSED ARE HIS PERSONAL ONES, THEY REPRESENT AN AGREED POSITION AT THE TECHNICAL LEVEL IN THE GOS AND HE EXPECTS THEY WILL RECEIVE LEGISLATIVE BLESSING AFTER THE AUGUST HOLIDAYS.

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2. FOLLOWING IS SUMMARY OF AMBASSADOR JOLLES' COMMENTS:

A. SWISS ECONOMY DEPENDENT ON WORLD TRADE AND UNHAMPERED INTERNATIONAL COMPETITION. FOR THIS REASON SWITZERLAND SUPPORTS SENSIBLE INITIATIVES TOWARD FURTHER TRADE LIBERALIZATION AND WELCOMES READINESS OF LEADING WORLD TRADE POWERS TO START NEW TRADE NEGOTIATIONS.

B. SWITZERLAND STRESSES MULTILATERAL NATURE OF NEGOTIATIONS AND BELIEVES THAT ALL COUNTRIES ACTIVE IN WORLD TRADE SHOULD BE ALLOWED PARTICIPATE IN GATT NEGOTIATIONS WITH EQUAL RIGHTS AND RESPONSIBILITIES. DESPITE CONCENTRATION OF ATTENTION ON US-EC-JAPAN TRI-POLAR RELATIONS, REMAINING EFTA COUNTRIES HAVE EXPORT ORIENTED ECONOMIES AND SHOULD NOT BE OVERLOOKED.

C. CONCLUSION SWISS-EC FREE TRADE AGREEMENT DOES NOT DIMINISH SWISS INTEREST IN ABOLISHING OTHER TRADE BARRIERS. IN AGREEMENT WITH EC, SWITZERLAND CONSCIOUSLY SOUGHT TO MAINTAIN AN AUTONOMOUS POSITION FOR CONDUCTING TRADE NEGOTIATIONS. SWITZERLAND UNDERSTANDS NEED TO AVOID FRAGMENTATION OF WORLD TRADE INTO GEOGRAPHIC BLOCS AND BELIEVES WORLDWIDE RECIPROCAL REDUCTION OF TARIFFS BEST WAY TO PROTECT TRADE INTERESTS OF COUNTRIES OUTSIDE OF TRADING BLOCS.

D. SWITZERLAND FULLY AWARE OF POLITICAL IMPLICATIONS OF US-EUROPE ECONOMIC PROBLEMS AND BELIEVES UPCOMING TRADE NEGOTIATIONS WILL REQUIRE VERY CAREFUL PREPARATION. TOKYO MINISTERIAL CONFERENCE WILL PROVIDE OPPORTUNITY FOR CLARIFICATION OF AIMS AND BASIS OF NEGOTIATIONS NEEDED TO AVOID FUTURE MISUNDERSTANDINGS.

E. WHILE IT IS IMPORTANT NOT TO OVERLOOK RELATIONSHIPS BETWEEN TRADE, FOREIGN EXCHANGE, INVESTMENT, AND DEVELOPMENT, NEGOTIATIONS ON EACH SECTOR SHOULD BE CONDUCTED SEPARATELY BECAUSE EACH SECTOR IMPORTANT IN ITSELF. TASK OF COORDINATING THESE SECTORS SHOULD BE TAKEN OVER BY CONSULTATIVE BODY SUCH AS OECD EXECUTIVE COMMITTEE. GATT NEGOTIATIONS SHOULD CONCENTRATE ON TRADE AND NOT BE HELD UP IF MONETARY TALKS DO NOT PROGRESS.
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SINCE WORLD TRADE CAN OPERATE PROPERLY ONLY UNDER ORDERLY MONETARY SYSTEM, HOWEVER, TRADE NEGOTIATIONS MUST BE UNDERTAKEN ON ASSUMPTION INTERNATIONAL MONETARY SYSTEM WILL BE FUNCTIONING AGAIN WHEN TRADE TALKS CONCLUDED IN 1975.

F. GOALS OF TRADE NEGOTIATIONS MUST BE SET HIGH ENOUGH SO THAT POLITICAL AND ECONOMIC INTERESTS, AS WELL

AS GENERAL PUBLIC, WILL BE CONVINCED THAT BENEFITS ARE
WORTH THE EFFORT AND COST INVOLVED.

G. IT DECISIVE THAT PROGRESS IN FURTHER REDUCTION
OF TRADE BARRIERS NOT BE PURCHASED AT EXPENSE OF ESCAPE
CLAUSES WHICH CAN MAKE AGREEMENTS ILLUSORY. IT WELL
KNOWN THAT US TRADE BILL NOW BEFORE CONGRESS CONTAINS A
WHOLE SERIES OF SUCH CLAUSES BASED ON "UNFAIR TRADE
PRACTICES" AND "MARKET DISRUPTION." IT THEREFORE MOST
IMPORTANT TO SUBJECT SUCH PROTECTIONIST MEASURES TO
OBJECTIVE SCRUTINY BY AN INTERNATIONAL SUPERVISORY BODY
WHICH WOULD JUDGE IF SUCH MEASURES APPROPRIATE.

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NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BERN02887
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BERN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730739/aaaabcgi.tel
Line Count: 128
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 15 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15-Jan-2002 by phillir0>; APPROVED <30-Jan-2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SWISS VIEWS ON TRADE NEGOTIATIONS SUMMARY. AMBASSADOR PAUL JOLLES SAYS SWISS WELCOME
TAGS: ETRD, SZ
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005